

CALIFORNIA EDUCATIONAL FACILITIES AUTHORITY

NOTICE OF PROPOSED RULEMAKING

NOTICE IS HEREBY GIVEN that the California Educational Facilities Authority (the “Authority”), organized and operating pursuant to Sections 94100 through 94216.11, inclusive, of the California Education Code (the “Act”), proposes to adopt the proposed Regulations described below relating to Ch 318, Statutes of 2005 (Assembly Bill 961). With the passage of this legislation, the Authority is authorized to approve not-for-profit corporations before an allocation of a portion of the state ceiling through the California Debt Limit Allocation Committee (CDLAC) to issue qualified scholarship funding bonds for its Student Loan Program can be awarded.

The Authority proposes to adopt Section 9071 through Section 9074 of Chapter 3 of Division 12 of Title 4 of the California Code of Regulations (the “Regulations”). The Regulations implement the Authority’s responsibilities established pursuant to Section 94103 as added to the Act.

PUBLIC HEARING

The Authority has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

WRITTEN COMMENT PERIOD

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Authority. The written comment period will close at 5:00 p.m. on May 30th, 2006. The Authority will only consider comments received at the Authority offices on or before that time. Written comments, inquiries and any questions regarding the substance of the Regulations must be submitted or directed to:

Evelyn Gorman, Treasury Program Manager
California Educational Facilities Authority
915 Capitol Mall, Room 590
Sacramento, California 95814
Telephone: (916) 653-3390
Fax: (916) 653-2179
Email: egorman@treasurer.ca.gov

AUTHORITY AND REFERENCE

The Authority has the implied power to repeal and adopt the following Regulations to implement, interpret, and make specific Government Code Section 94103 based on the following express statutory powers:

1. Section 94140(a) of the Act, which provides for the Authority to “adopt bylaws for the regulation of its affairs and the conduct of its business.”

2. Section 94103(a)(2)(b) of the Act provides that “any entity, as of January 1, 2006, that is not qualified to be awarded an allocation of the state’s annual private activity volume cap to issue qualified scholarship funding bonds, as defined in subsection (d) of Section 150 of Title 26 of the United States Code as it exists on January 1, 2006, shall obtain approval from the authority to operate as a qualified scholarship funding corporation within the meaning of subsection (d) of Section 150 of Title 26 of the United States Code as it exists on January 1, 2006.”

INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW

Pursuant to Section 94103 of the Act, the Authority is authorized to approve new qualified scholarship funding corporations before a portion of an allocation of the state ceiling through the California Debt Limit Allocation Committee (CDLAC) to issue qualified scholarship funding bonds for its Student Loan Program can be awarded. Sections 9071 – 9074 of these Regulations establish a process for determining an entity’s eligibility as described above.

DISCLOSURES REGARDING THE PROPOSED ACTION

The Board has made the following initial determinations:

Mandate on local agencies and school districts: None.

Cost or savings to any state agency: None.

Cost to any local agency or school district which must be reimbursed in accordance with Government Code Sections 17500 through 17630: None.

Other nondiscretionary costs or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.

Significant, statewide adverse economic impact directly affecting business including the ability of California businesses to compete with businesses in other states: None.

Cost impacts on a representative private person or businesses: The Authority is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Adoption of these Regulations will not create or eliminate jobs within California; create new businesses or eliminate existing businesses within California; or affect the expansion of businesses currently doing business within California.

Significant effect on housing costs: None.

Small Business Determination

The Authority has determined that the proposed Regulations do not affect small businesses since they do not impose any new requirement on small businesses. The proposed Regulations are intended only to establish parameters when the Authority determines, as required by statute, whether an entity is eligible to apply to CDLAC for an allocation of the state's volume cap. Whether an entity wishes to apply for an allocation of the state's volume cap is voluntary on the part of the entity.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code Section 11346.5, subdivision (a)(13), the Authority must determine that no reasonable alternative that the Authority considered or that has otherwise been identified and brought to the attention of the Authority would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The Authority invites interested persons to present statements or arguments with respect to alternatives to the proposed Regulations during the written comment period.

CONTACT PERSON

Written comments, inquiries and any questions regarding the proposed administrative action must be submitted or directed to:

Evelyn Gorman, Treasury Program Manager
California Educational Facilities Authority
915 Capitol Mall, Room 590
Sacramento, California 95814
Telephone: (916) 653-3390
Fax: (916) 653-2179
Email: egorman@treasurer.ca.gov

The following person is designated as a backup contact person for inquiries regarding the proposed administrative action:

Greg Rogers, Deputy Executive Director
California Educational Facilities Authority
915 Capitol Mall, Suite 590
Sacramento, California 95814
Telephone: (916) 653-2408

Please direct requests for copies of the proposed text of the Regulations, the Initial Statement of Reasons, or other information to Ms. Gorman at the above address.

AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS

The Authority has established a rulemaking file for this regulatory action, which contains those items required by law. The file is available for inspection at the Authority's office at 915 Capitol Mall during normal business hours. As of the date this Notice is published in the Notice Register, the rulemaking file consists of this Notice, the Initial Statement of Reasons and the proposed text of the Regulations. Copies of these items are available upon request from the Agency Contact Person designated in this Notice. This address will also be the location for inspection of the rulemaking file and any other public records, including reports, documentation and other materials related to this proposed regulatory action. In addition, the rulemaking file, including the Initial Statement of Reasons and the proposed text, may be viewed on the Authority's website at <http://www.treasurer.ca.gov/cefa>.

AVAILABILITY OF CHANGED OR MODIFIED TEXT

After the written comment period ends and following a public hearing, if any is requested, the Authority may pursue the regulatory proposal substantially as described in this Notice, without further notice. If the Authority makes modifications that are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public (including through the Authority's website described above) for at least fifteen (15) calendar days before the Authority adopts the proposed Regulations, as modified. Inquiries about and requests for written copies of any changed or modified Regulations should be addressed to the Agency Contact Person identified in this Notice.

AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Once the Authority has prepared a Final Statement of Reasons, a copy will be made available to anyone who requests a copy and will be available on the Authority's website described above. Written requests for copies should be addressed to the Agency Contact Person identified in this Notice.